

Information Sheet for Income Tax Withholding Option

Important Information You Should Know

Depending on your overall income and your allowable deductions for the year(s) in which you receive benefits, Unemployment Insurance benefits may be taxable.

You may choose to have either (or both) **federal** and **state** income tax deducted and withheld from your unemployment insurance benefit payments.

To change your withholding status on your current claim, please complete the _____ form then sign and fax or mail the form to:

FAX: (630) 495-8199

MAIL: IDES Claimant Services
837 S. Westmore-Meyers Rd
Lombard, IL 60148

Deductions are made at predetermined levels: 10% for federal income tax and 5% for state income tax.

Before the percentage rate for withholding is applied, certain *mandatory* deductions will be made as follows:

- Retirement Pay (Pensions), if any
- Wages (holiday and Vacation Pay), if any
- Earnings from Employment, if any
- Unavailable Days (days you were not available for potential work, if any)

Involuntary Deductions, if there are any, such as recoupment of previous overpaid Unemployment Insurance benefits, and child support, which may be taxable, may further reduce your benefit payments.

If you have chosen to have income tax withheld and the amount of the withholding resulting from other deductions is greater than your remaining balance, the deductions for withholding will still be made. This may result in no check being sent to you for those weeks where your remaining balance is smaller than your withholding amount. (See examples on next page)

Note that the tax money withheld from your benefit payment cannot be returned to you by IDES. It is sent to the IRS and/or the State of Illinois on your behalf and is used to pay your tax obligation. If the amount you withhold is greater than your tax obligation, the IRS and/or State of Illinois will refund your excess withholding amount as part of your tax refund.

You are at any point allowed to change your decision to withhold, for either federal or state income taxes.

Example of Deductions / Tax Withholdings

Example 1. Tax Withholding Only

Week Ending	Weekly Benefit Amount	Taxable Benefit	Balance
05/08/2010	\$ 200.00	\$ 200.00	\$ 200.00
05/15/2010	\$ 200.00	\$ 200.00	\$ 200.00
	\$ 200.00	\$ 200.00	\$ 200.00
Both Federal & State Tax Withholding Chosen		10% Federal = \$ 40.00 5% State = \$ 20.00	Payment Amount With Tax Withholding
	Total \$400.00	Tax Withholding - \$ 60.00	\$ 340.00

Example 2. Deductions & Tax Withholdings Exceed Net Benefit

Week Ending	Weekly Benefit Amount	Earnings	Pension	Taxable Benefit	Child Support	Balance
05/22/2010	\$ 200.00	\$ 200.00	0.00	0.00	0.00	0.00
05/29/2010	\$ 200.00	\$ 175.00	\$ 75.00	\$ 50.00	\$ 48.00	\$ 2.00
				\$ 50.00	\$ 48.00	\$ 2.00
(10% of \$ 50.00 is \$ 5.00, which exceeds the balance of \$2.00. Since you elected to have income tax withheld, the \$2.00 will be taken for this purpose and no check is issued.)				10% of Taxable Benefits	Tax Withheld	Payment Amount
				\$ 5.00	\$ 2.00	0.00

NOTE: If you elect to have both federal and State of Illinois income taxes withheld, and the amount remaining is insufficient to cover both taxes, the entire amount of State of Illinois tax shall be withheld before any federal tax is withheld.